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Message Text

UNCLASSIFIED

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21
ORIGIN IO-03

INFO OCT-01 ISO-00 /004 R

66615
DRAFTED BY IO/UNESCO:WPO'BRIEN:LL
APPROVED BY IO/SA:MMCNAULL
---------- 010434
R 310011Z JUL 75
FM SECSTATE WASHDC
TO AMEMBASSY MANAGUA

UNCLAS STATE 180420

FOL REPEAT PARIS 18852 SENT ACTION SECSTATE JUL 22

QTE

UNCLAS PARIS 18852

NESCO

E.O. 11652: N/A
TAGS: UNESCO, US
SUBJECT: UNESCO LETTER TO MEMBER STATES RE NON INTEREST LOANS

1. PERMDEL HAS RECEIVED COPY OF LETTER FROM DG M'BOW, TO ALL MEMBER STATES SEEKING NON INTEREST LOANS TO MAKE UP FOR SHORTFALL CAUSED BY US AND OTHERS NON PAYMENT OF ASSESSMENT. ORIGINAL OF LETTER SENT DIRECTLY BY UNESCO TO DEPARTMENT BY MAIL. TEXT REPEATED HERE INSURE SPEEDY TRANSMITTAL:
BEGIN TEXT: I HAVE THE HONOUR TO DRAW YOUR ATTENTION TO A SITUATION WHICH I FEAR COULD COMPROMISE THE EXECUTION OF THE PROGRAMME APPROVED BY THE GENERAL CONFERENCE OF UNESCO AT ITS EIGHTEENTH SESSION AND ABOUT WHICH I INFORMED THE REPRESENTATIVES OF MEMBER STATES AT THE CLOSING MEETING OF THE SESSION ON 23 NOV. 1974. I REFER TO THE ORGANIZATION'S CASH SITUATION, WHICH IS
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STILL PRECARIOUS AND MAY BECOME CRITICAL DURING THE

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SECOND HALF OF 1975.

IT IS TRUE THAT MANY MEMBER STATES HAVE PAID THEIR CON7
TRIBUTIONS FOR 1975 EARLIER THAN USUAL AND SOME EVEN
HAVE ALREADY PAID THEIR DUES FOR 1976; BUT NOT ALL
MEMBER STATES HAVE YET PAID THEIR 1975 CONTRIBUTIONS
IN FULL, AND SOME HAVE AS YETMADE NO PAYMENT AT ALL.
THESE LATTER, AS YOU WILL SEE FROM THE ATTACHED TABLE,
INCLUDE MEMBER STATES WHOSE CONTRIBUTIONS TO THE ORGAN-
IZATION'S BUDGET ARE VERY SUBSTANTIAL: IN ONE CASE THE
SHARE AMOUNTS TO NO LESS THAN 25 PERCENT OF THE TOTAL
CONTRIBUTIONS TO THE REGULAR BUDGET, OR $19,472,500
PER ANNUM. FROM UNOFFICIAL CONVERSATIONS I HAVE HAD
WITH THE REPRESENTATIVES OF SOME OF THOSE STATES WHOSE
PARLIAMENTS HAVE VOTED TO SUSPEND OR TO REDUCE THEIR CON-
TRIBUTIONS TO THE ORGANIZATION'S BUDGET FOLLOWING CERTAIN
DECISIONS TAKEN BY THE GENERAL CONFERENCE AT ITS 18TH
SESSION, IT IS CLEAR THAT THERE IS LITTLE REASON TO EX-
PECT ANY CHANGE BETWEEN NOW AND THE END OF THE YEAR, OR
PERHAPS EVEN LATER.

IT IS TRUE THAT THE GENERAL CONFERENCE, AT ITS 18TH
SEESION, BY RESOLUTION 21.32, AUTHORIZED "THE DIRECTOR
GENERAL, WHEN IT BECOMES NECESSARY TO NEGOTIATE AND CON-
TRACT SHORT-TERM LOANS WITH LENDERS OF HIS CHOICE TO EN-
ABLE THE ORGANIZATION TO MEET ITS FINANCIAL COMMITMENTS
DURING 1975-76 SHOULD THE WORKING CAPITAL FUND AND OTHER
AVAILABLE CASH RESOURCES OF THE ORGANIZATION IS EXHAUST-
ED".

NEVERTHELESS, AT A TIME WHEN INTEREST RATES ON LOANS ARE
SO HIGH, I SHOULD BE MOST RELUCTANT TO CONSIDER SEEKING
A LOAN ON THE MONEY MARKET, AND WOULD DO SO ONLY IF
ABSOLUTELY NECESSARY AS THIS WOULD MERELY HAVE THE EFFACT
OF PLACING AN EVEN HEAVIER BURDEN ON THE ORGANIZATION'S
FINANCES.

IT IS FOR THIS REASON THAT, KNOWING YOUR KEEN IN-
TEREST IN SEEING UNESCO'S WORK CONTINUED NORMALLY, I AM
TAKING THE LIBERTY OF ASKING YOU, AS I AM ASKING THE
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OTHER MEMBER STATES, IF YOUR GOVERNMENT WOULD BE PREPAR-
ED TO GRANT THE ORGANIZATION AN INTEREST-FREE LOAN IN
ORDER TO COVER TEMPORARILY PART OF ITS CASH REQUIREMENTS.

IN VIEW OF THE FACT THAT IT MAY PROVE NECESSARY TO HAVE
RECOURSE TO EXTERNAL SOURCES OF FINANCE AS EARLY AS
AUGUST OF THIS YEAR, I SHOULD BE PARTICULARLY GRATEFUL TT
RECEIVE YOUR GOVERNMENT'S REPLY AS SOON AS POSSIBLE. I

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SHOULD PARTICULARLY LIKE TO KNOW THE AMOUNT OF ANY LOAN WHICH YOUR GOVERNMENT MIGHT BE PREPARED TO GRANT AND THE DATE ON WHICH IT COULD DE MADE AVAILABLE TO THE ORGANIZATION. IT GOES WITHOUT SAYING THAT THE SUMS THUS RECEVIED WILL BE REPAID AS SOON AS THE ORGANIZATION'S CASH POSITION PERMITS. IN THIS RESPECT, IT SHOULD PERHAPS BE NOTED THAT ALL MEMBER STATES WILL NECESSARILY HAVE TO PAY THEIR CONTRIBUTIONS TO UNESCO'S BUDGET IN FULL SOONER OR LATER, UNLESS THE GENERAL CONFERENCE DECIDES OTHERWISE. FOR IT IS THE GENERAL CONFERENCE, AND THE GENERAL CONFERENCE ALONE, WHICH VOTES THE ORGANIZATION'S BUDGET AND ESTABLISHES THE SCALE OF ASSESSMENTS FOR MEMBER STATES. AND, AS YOU KNOW, THE ORGANIZATION'S BUDGET OF 1975-76 WAS APPROVED AT ITS 18TH SESSION BY THE GENERAL CONFERENCE WHICH, AT THE SAME TIME, BY RESOLUTION 21.11, ESTABLISHED THE SCALE OF ASSESSMENTS FOR MEMBER STATES.

I SHALL BE MOST GRATEFUL FOR YOUR FAVOURABLE CONSIDERATION OF THIS LETTER. SIGNED AMADOU-MAHTAR M'BOW.
END TEXT.
GAMMON

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INGERSOLL

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To: MANAGUA
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